

**Federal Reserve Chairman Ben Bernanke today, in sworn testimony, told the House Oversight and Government Reform Committee in his opening statement:**

*I did not tell Bank of America's management that the Federal Reserve would take action against the board or management if they decided to proceed with the MAC. Moreover, I did not instruct anyone to indicate to Bank of America that the Federal Reserve would take any particular action under those circumstances.*

**Chairman Bernanke's statement stands in contradiction to other testimony and evidence gathered by the committee:**

AP Account of 6/11/09 testimony of Bank of America CEO Ken Lewis:

*Bank of America Chief Executive Officer Kenneth Lewis testified that the federal government threatened to remove board members at his bank if it reneged on a promise to acquire Merrill Lynch, despite Merrill Lynch's crumbling financial state.*

*"What gave me concern is that they gave that threat to a bank in good standing," Lewis told the House Oversight and Government Reform Committee.*

12/20/08 E-mail from Jeffrey Lacker of the Federal Reserve Bank of Richmond:

*Just had a long talk with Ben [Bernanke]. Says that they think the MAC threat is irrelevant because its not credible. Also intends to make it even more clear that if they play that card and they need assistance, management is gone.*

12/22/08 Bank of America's Board Meeting Minutes:

*The Treasury and Fed stated strongly that were the Corporation to invoke the material adverse change ("MAC") clause in the merger agreement with Merrill Lynch and fail to close the transaction, the Treasury and Fed would remove the Board and management of the Corporation.*

Testimony of former Secretary of the Treasury Hank Paulson According to the Office of the Attorney General of the State of New York (4/23/09):

*According to Secretary Paulson, after he stated the management and the Board could be removed, Lewis replied, "that makes it simple. Let's deescalate." Lewis admits that Secretary Paulson's threat changed his mind about invoking that MAC clause and terminating the deal. Secretary Paulson has informed us that he made the threat at the request of Chairman Bernanke.*

Paulson later issued a clarification saying, according to the Attorney General that "his words were his own;" however, they were "based ... on the Fed's strong opposition to Bank of America attempting to renounce the deal."

## Bernanke Pressed on the Evidence

When pressed about this evidence by Rep. Dan Burton, [Chairman Bernanke had this exchange](#)  
[\(click here\)](#)

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When pressed about the e-mail from Jeffery Lacker and whether or not he expressed an intent to threaten Lewis in that conversation, Bernanke responded, "I don't know if I did or not."

[Click here for Relevant Documents.](#)

[Click here for Staff Memo](#) from Full Committee Hearing: "Bank of America and Merrill Lynch: How Did a Private Deal Turn Into a Federal Bailout?" – Part II